



Department of Justice

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JUSTICE DEPARTMENT SEEKS COMPLETE REMOVAL OF AT&T CONSENT DECREE

TAKES ACTION AGAINST EFFORTS TO BLOCK PROPER IMPLEMENTATION OF NEW TELECOMMUNICATIONS LAW

Washington, D.C. -- In an effort to clear the way for full implementation of the new telecommunications law, the Justice Department today asked Judge Harold Greene to terminate its historic 1982 consent decree with AT&T.

At the same time, the Department asked the court to reject a motion by several of the Regional Bell Operating Companies that would force the Department to surrender information obtained under the decree, information the Department considers vital to its antitrust enforcement and Telecommunications Act duties.

The Department's motion, filed in U.S. District Court in Washington, D.C., seeks formal termination of the consent decree that created the Baby Bells through the breakup of AT&T. In its motion, the Department stated that termination was appropriate because as part of the wide-ranging reforms enacted under the Telecommunications Act, Congress provided that the terms of the Act and not those of the AT&T decree would govern all future activities of the Bell Operating Companies.

The Telecommunications Act made significant and fundamental changes in the regulatory and competitive framework of the telecommunications industry. Its intent is to foster the development of competition in all areas by opening markets, including local telephone service, to new competitors.

"Lifting the AT&T consent decree will clear the way for the new law to take center stage in moving the telecommunications industry into a new era of robust competition and innovation," said Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division.

The Telecommunications Act of 1996 specifies that the Federal Communications Commission is responsible for determining whether and when to permit a Bell Operating Company to provide long distance service within the region where it now possesses a virtual monopoly in local phone service. The FCC is required to give "substantial weight" to the Department's evaluation of Bell applications for entry into long distance. The Department was given this special advisory role in light of the expertise it has gained through years of enforcing the AT&T consent decree and through its other antitrust enforcement activities in the telecommunications industry.

The Department's ability to retain possession of documents collected under the AT&T decree and share them with the FCC is vital to proper implementation of the new law because:

- The documents contain information that is highly relevant to the Department's evaluation of Bell Operating Company applications for long distance entry and to the determinations the FCC must make before permitting entry.
- The FCC has such a short time period in which to review an application that this information will otherwise likely be unavailable to them.
- The documents will be needed for the Department to review the expected wave of mergers and joint ventures in these markets and for future antitrust investigations.

"The success of the new law depends on a lot of hard work by the FCC and the Justice Department, and it is important that we not be denied information already collected that will allow us do our jobs," said Bingaman.

The Department has consistently maintained the right to retain documents received under the AT&T consent decree and to share them with the FCC, even after termination of the decree.

This is in accordance with the Department's general policy that it can retain documents produced in one investigation for use in other enforcement activities. This policy allows the Department to use its resources more effectively and to make consistent enforcement decisions while reducing the duplicative effort and expense of private parties.

The Department today also moved to dismiss its case, filed on July 15, 1994, challenging AT&T's proposed acquisition of McCaw Cellular Communications, Inc. As noted in today's filing, the changes mandated by the Telecommunications Act and other recent changes in the industry warranted this action.

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